

Drug Intelligence Brief



DRUG ENFORCEMENT ADMINISTRATION
INTELLIGENCE DIVISION

July 2002

NICARAGUA—COUNTRY BRIEF

DEA Office Responsible	Managua Country Office
Population	4,910,000 (2001 est.)
Area	130,688 square kilometers (50,446 square miles)
Capital	Managua
Type of Government	Constitutional Republic

Nicaraguan Top Government Officials

President	Enrique Bolaños Geyer
Vice President	Jose Rizo Castellon
Minister of Foreign Affairs	Norman Caldera
Minister of Government	Arturo Harding
Minister of National Defense	Jose Adan Guerra



Drug Seizures in Nicaragua 1992 - 2001

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Cocaine (kilograms)	155	96	1,337	1,512	398	2,790	4,749	1,212	1,693	2,711
Marijuana (kilograms)	500	235	400	347	855	285	612	922	-	-
Marijuana Plants	31,068	9,808	92,534	53,776	53,528	24,239	833,943	308,200	83,066	116,003
Heroin (kilograms)	0.8	0	0	0	1	2	0.6	2	3	8
"Crack" (rocks)	N/A	N/A	N/A	N/A	N/A	N/A	11,167	21,235	5,135	7,710

Source: Nicaraguan National Police, the DEA, and INCSR 1992-2001

HISTORICAL COMMENT

Nicaragua's history has been filled with conflict and civil wars since gaining independence in 1838. More recently, Nicaragua's internal conflict between the leftist Sandinista (FSLN) government and the anti-Sandinista *Contra* insurgency officially ended when the presidents of Central American countries signed a peace agreement in August 1989. This agreement provided for the voluntary demobilization of *Contra* forces in exchange for free elections in February 1990. However, the optimism that followed the peaceful transition of power from the FSLN to a non-communist elected government was short-lived because of huge problems facing the new government. During the post-Sandinista administration period, Nicaragua experienced an unstable governing alliance, continued poverty, and political conflict.

Nicaragua's second elected president took office in October 1996; however, Nicaragua's fortunes did not improve during this administration. During 1998, Hurricane Mitch destroyed large sections of the country's infrastructure and economy. Up to 1 million people lost their homes, and Nicaragua's agricultural sector suffered extensive losses from flooding, crop damage, and the destruction of transportation networks. In addition, on-going banking, political, and tax scandals continued to plague Nicaragua throughout 2001. Furthermore, the confrontation between the Nicaraguan and Honduran governments over the maritime border separating the two countries resulted in interrupted trade between Nicaragua and the rest of Central America. This caused additional economic losses during 2000. Nicaragua's continuous political problems and natural disasters have resulted in weak law enforcement throughout the country and limited capability to interdict drug shipments in many isolated areas.

In November 2001, Nicaragua held its third presidential election, and Enrique Bolanos Geyer of the Liberal Constitutionalist Party (PLC) was elected. He defeated the FSLN candidate Daniel Ortega by 14 percentage points. President Geyer was inaugurated in January 2002.

OVERVIEW

Nicaragua is a transshipment and staging area for shipments of cocaine hydrochloride (HCl) and Colombian heroin to North America. Colombian and Mexican drug traffickers are attracted to the country's geographical location between Colombia and the United States. Historically, drug traffickers have used Nicaragua's long Pacific and Caribbean coasts for refueling and way stations en route from Colombia to points further north. As recent maritime interdiction efforts by Costa Rica and Panama have advanced, traffickers have been forced to move more of their operations northward into Nicaragua. For overland shipment of cocaine, traffickers continue to use the Pan-American Highway, which runs the length of the country.

A unique historical situation and civil conflicts have left Nicaragua with a tradition of armed rural groups—and institutionalized violence—that greatly complicates counterdrug enforcement. Despite significant achievements by the Nicaraguan National Police (NNP) during 2001, the NNP remain handicapped by a severe lack of resources. This reality, combined with underdevelopment and primitive economic conditions in Nicaragua, (especially in the Caribbean region and the northeast border with Honduras) have left large areas of the country with no law enforcement presence at all. This situation has allowed drug traffickers to operate unimpeded.

CULTIVATION AND PRODUCTION

Limited cannabis cultivation is concentrated in the north-central region near Matagalpa, and in mountainous regions along the Honduran border. Marijuana produced by small growers in Nicaragua is of low quality, and used for domestic consumption.

In December 1998, Nicaraguan police eradicated a total of 600,000 cannabis plants located on a farm operated by Hemp-Agro International Nicaragua S.A., a company operated jointly by Nicaraguan and Canadian nationals. The largest Nicaraguan eradication effort in 1999, of 280,000 cannabis plants, was a follow-up operation on the same plot of land, which had become overgrown with seedlings left over from the first eradication effort. Nicaraguan authorities continue an aggressive manual eradication program, with over 116,000 cannabis plants eradicated in 2001.

To date, no coca or opium poppy cultivation has been discovered in Nicaragua.

CHEMICALS

Nicaragua is not a producer of chemicals that are used in illicit drug production.

DRUG TRAFFICKING TRENDS

Cocaine

The primary drug threat in Nicaragua is the transshipment of cocaine from Andean source countries (particularly Colombia) to markets in the United States, and to a much lesser extent, Europe. Nicaragua's most vulnerable approach is located along the sparsely populated, geographically isolated, Caribbean coast. Drug trafficking appears to be the principal economic activity in several Caribbean coastal communities. Traffickers also smuggle cocaine via maritime routes along the Pacific coast of Nicaragua and overland along the Pan-American Highway. In addition, there has been an increase in the number of seizures involving cocaine being traded for weapons.

Several major maritime drug trafficking routes have been identified along both the Caribbean and Pacific coasts of Nicaragua. The three most significant trafficking routes in the Caribbean use small "go-fast" boats and include a direct route from the mainland coast of Colombia to Nicaragua; a more widely used route from Colombia to Nicaragua via the Colombian islands of San Andres or Providencia; and a "coast hopping" route that follows Nicaragua's Caribbean coastline close to shore. Go-fast boats are typically "Eduardono" fiberglass launches that range between 20 and 36 feet in length, with twin outboard engines of from 175 to 250 horsepower each.

The primary maritime drug threat along the Caribbean coast originates from cocaine shipments transported from the Colombian island of San Andres, which is located approximately 115 miles off the Caribbean coast of Nicaragua. Go-fast boats typically transport multihundred kilogram loads of cocaine from San Andres Island to Nicaragua's Caribbean coastline near the ports of Bluefields, El Bluff, and Puerto Cabezas via the Corn Islands group. The cocaine is then loaded into maritime containers or concealed in legitimate, perishable bulk cargo and shipped on commercial vessels to markets in North America and Europe.

The Nicaraguan coast can also be used for refueling go-fasts or temporary storage of cocaine for maritime shipments being transported directly from Colombia to Guatemala or Mexico. An important factor in maritime drug trafficking in the Caribbean is the familial relationships that exist between Colombian and Nicaraguan drug traffickers on the Colombian islands of San Andres, Providencia, and the nearby Nicaraguan islands of Corn, Little Corn, and the mainland port of Bluefields.

During 2001, joint investigations involving the NNP and the DEA Managua Country Office resulted in record breaking maritime seizures of cocaine.

In March 2001, Forever My Friend, a fishing vessel carrying approximately 8 metric tons of cocaine, was seized approximately 300 miles off the coast of Mexico. This seizure was the result of information developed by the DEA Managua Country Office and the NNP and provided to the United States Coast Guard indicating that this ship was smuggling multiton quantities of cocaine. The cocaine was hidden in a compartment beneath the cargo of fish. The crew of 10 were arrested and sent to the United States for prosecution. In early 2002, the crew was sentenced to a total of 40 years in jail.

In May 2001, based on information received from DEA Managua Country Office, the Guayaquil Resident Office, and the Panama City County Office, a second East Pacific seizure involving another fishing vessel, the Svesda Maru, resulted in the seizure of 12 metric tons of cocaine. The cocaine aboard this vessel was hidden so skillfully that it took several days for officials to find it. The captain and nine crewmembers, all Russian and Ukrainian, were arrested and await trial in the United States.

The land-based threat consists of cocaine shipments arriving in maritime containers from Colombia at Colon, Panama, at which point they are loaded onto tractor-trailers for transport north. Cargo containers typically are off-loaded from Colombian vessels at the Panamanian port of Colon, then taken north by truck. Overland traffickers use the Pan-American Highway to transship cocaine in concealed compartments of tractor-trailer rigs to Guatemala. Drug traffickers using the overland route must enter Nicaragua from the Costa Rican border at Penas Blancas, but have the option of using several overland routes out of Nicaragua into Honduras.

During 2001, two large cocaine seizures occurred in Nicaragua. In May, a mobile inspection team operating just north of the Penas Blancas border checkpoint seized more than 1 ton of cocaine hidden in the trailer of a tractor-trailer truck entering from Costa Rica. During early December, another 1-ton seizure of cocaine occurred, when (based on intelligence and investigative efforts) authorities located cocaine hidden in hollow wood boards. These seizures not only represent the largest documented land seizures of cocaine in Nicaragua, they exemplify the innovative and sophisticated methods traffickers use to conceal cocaine shipments.

Several overland cocaine seizures occurred during 2000. These include three border crossings that involved cocaine shipments of from nearly 50 kilograms up to 200 kilograms concealed in hidden compartments within tractor-trailers, and an additional seizure of 120 kilograms of cocaine secreted in a car trunk.

Scant information is available on drug trafficking via air routes into Nicaragua; however, there are some indications that trafficking groups use the international airport in Managua to transship cocaine and heroin to the United States and Europe. Clandestine airports located in remote areas of Nicaragua offer traffickers some alternatives to the existing aerial routes known to be used by Honduran and Guatemalan traffickers. Nevertheless, there have been no significant seizures from aircraft in Nicaragua.

A trend that has recently come to the attention of Central American governments involves the trade of old Sandinista-era weapons for Colombian cocaine. Intelligence indicates that large stashes of weapons left over from the Sandinista–Contra wars are hidden throughout Nicaragua. Based on post-seizure information, officials believe these residual weapons caches are involved in cocaine trades and, as a result, end up in the hands of Colombian insurgent groups. In November 2001, a shipment of several thousand weapons and several million ammunition rounds was diverted to the Colombian coast; no drug activity was linked to the case.

Heroin

There appears to be an increasing threat of heroin trafficking in Nicaragua. Based on information gleaned from recent state-side arrests, traffickers are using Nicaragua as a staging location for Colombian heroin destined for the United States. Heroin is being flown or driven into Nicaragua, then smuggled out by “mules” possessing U.S. visas. Virtually no heroin remains in Nicaragua for local consumption. Recent seizures indicate that traffickers moving into the poly-drug arena, are combining small kilogram amounts of heroin with the larger kilogram amounts of cocaine, and then smuggling them into Nicaragua. As with

cocaine, the international airport in Managua appears to be the favored transportation hub for couriers flying out to locations in the United States.

Over the past 3 years there has been an increase in the heroin seizures in Nicaragua, from 3 kilograms in 2000 to 8 kilograms in 2001. During the first three months of 2002, heroin seizures rose to over 5 kilograms.

MDMA

Nicaraguan authorities are seeing a token appearance of MDMA (Ecstasy) trafficking. Similar to MDMA markets in other countries, the Nicaraguan market consists of young adults frequenting parties or raves located in the larger cities, such as Managua. March 2002 marked the first documented seizure of MDMA in Nicaragua, when 19,860 tablets were seized at a Nicaraguan/Honduran border crossing. These tablets were hidden in between the firewall and the passenger compartment of a minivan headed for Belize.

DRUG ABUSE

Historically, inhalants (such as glue and paint) were the most widely abused chemicals because of their low cost and availability; however, the abuse of both powder and crack cocaine has now become a major problem in Nicaragua. In Managua, crack cocaine is abused at an alarming rate. While powder cocaine abuse is a concern in the city, the worst abuse of powder cocaine occurs among the Miskito Indians and in the Bluefields area along Nicaragua's Caribbean coast. MDMA use has been noted in the larger cities, but is still relatively new to Nicaragua. Elsewhere in Nicaragua, illegal drug availability is limited to cocaine, crack, and marijuana. Heroin abuse is virtually nonexistent.

Coastal residents have easy access to cocaine that is in transit through Nicaragua's territorial waters. In an attempt to avoid law enforcement interdiction efforts, traffickers have been known to jettison bales of cocaine from their boats. Frequently, these bales wash ashore where they are retrieved by locals. Additionally, there have been reports of local residents attacking drug-laden boats, killing the crews, and stealing the cocaine. Although the former reportedly occurs more often than the latter, it is the aggressiveness of the latter action that is becoming a concern to Nicaraguan authorities. Finally, many traffickers will often pay local Nicaraguan collaborators "in kind" with drugs or drug derivatives which can then be sold in the domestic drug market. This coastal region is not only the poorest in Nicaragua; it has an exorbitant unemployment rate. These two factors, combined with the accessibility of cocaine, only exacerbate the growing problem of drug abuse.

MONEY LAUNDERING

The Government of Nicaragua and police counterparts recognize the threat of money laundering, and have vowed to fight it. However, efforts to counter this threat have been hampered by resource constraints and corruption. In fact, four of the eleven Nicaraguan banks failed between August 2000 and August 2001 amid allegations of fraud and mismanagement. Although the banking sector in Nicaragua is much smaller than in neighboring Costa Rica and Panama, Nicaragua's status as a drug transit zone, and weak banking system, make Nicaragua an attractive target for drug-related money laundering.

Existing law requires that banks report any complex, unusual, and significant transactions; transactions with no apparent legal purpose; or cash transactions exceeding US\$10,000 to the Bank Superintendency. This information is then passed to the Commission of Financial Analysis (CFA) within the National Anti-

Drug Council. The CFA is designed to be comprised of representatives from various elements of law enforcement and financial regulators; however, as of the beginning of 2002, the CFA was not yet functional. Nonetheless, according to current law, a wide range of financial institutions must identify customers, maintain records for 5 years, and make records available for investigations. Additionally, travelers entering Nicaragua must declare negotiable instruments and precious metals valued in excess of US\$10,000 or foreign equivalent. Even with existing money laundering legislation, the Government of Nicaragua has yet to prosecute a single money laundering case.

In early 2002, the United States Government donated equipment as part of a package to strengthen local agencies abilities to combat money laundering, drug trafficking, and general crime. A special team of Nicaraguan officials, to include law enforcement and banking officials, was designated to receive training on money laundering. To that end, the United States Government provided two training seminars during May 2002.

PRICES

The average price for cocaine in Managua is from US\$4,000 to US \$5,000 per kilogram. However, on the Caribbean coast (where it frequently washes ashore after being jettisoned) cocaine can be bought for as little as US\$300 per kilogram (or in some instances two cases of beer). Crack sells for about US\$0.50 cents per rock. Marijuana sells for about US\$140 per pound. The average price for an MDMA tablet runs between US\$10 and US\$30.

COUNTERDRUG ENFORCEMENT

The law enforcement entity in Nicaragua is the NNP. It is comprised of roughly 6,000 officers including a special Narcotics Unit of 116 personnel. The NNP is a capable enforcement organization and a willing collaborator in joint investigations; however, it continues to suffer from inadequate funding, training, and lack of basic equipment, such as vehicles.

The NNP has undertaken several measures to reduce corruption within their ranks. NNP officers are regularly rotated to prevent potential conflicts of interest at the local level; however, this rotation does not apply to captains and lieutenants. NNP officers are assigned numbered badges, making it easier for the public to identify officers engaged in questionable acts. The NNP Narcotics Unit is mandated to respond directly to the two top ranking officials in the NNP, in an attempt to maintain confidential information integrity. And finally, plans to increase the pay for NNP officers—the lowest paid police force in Central America—may help to deter corruption within the ranks.

Nicaraguan officials, becoming more aware of the dangers posed by drug trafficking, have focused on policy and structural changes to address trafficking issues. In November 2001, the Government of Nicaragua formally approved a bilateral maritime counternarcotics agreement with the United States. This agreement will permit the United States and Nicaragua to conduct joint counternarcotic operations on the high seas and in the air.

LEGISLATION, TREATIES, CONVENTIONS

During 2001, the Nicaraguan government moved forward in its efforts to modernize Nicaragua's laws to confront the drug trade. The National Assembly passed a new criminal procedures code that modernizes criminal trials by moving Nicaragua's judicial system from an inquisitorial justice system, where judges

handle investigations based on written reports submitted by the police, to an accusatorial system, where police carry out investigations and defendants can present oral arguments on their own behalf. Additionally, the National Assembly is working to update and normalize punishments for given crimes, and strengthen the money laundering provisions in the country's main drug law.

Nicaragua is a party to the 1961 United Nations (U.N.) Single Convention, the 1971 U.N. Convention on Psychotropic Substances, and the 1988 U.N. Drug Convention. A United States/Nicaraguan extradition treaty has been in effect since 1907. However, extradition of Nicaraguan nationals is prohibited by the Nicaraguan constitution. Nicaragua is a member of the Caribbean Financial Action Task Force (CFATF) and has signed the U.N. Convention against Transnational Organized Crime. In November 2001, the United States and Nicaragua signed a bilateral maritime agreement.

The United States and Nicaragua have a good bilateral counternarcotics relationship. Formal relations between the DEA Managua Country Office and the NNP were established in 1997 and subsequent cooperation has been effective. Bilateral cooperation between the United States and Nicaragua includes police training and counternarcotics equipment donations, DEA information exchanges, and interdiction cooperation. The United States has provided money for both police and drug demand reduction assistance.

The Nicaraguan Ministries of Education and Health, the NNP, and the Nicaraguan Fund for Children and Family implemented a Drug Abuse Resistance Education (D.A.R.E.) program with help from the United States Embassy during 2001. Training was provided to approximately 40 NNP officers that prepared them to function as D.A.R.E instructors to over 3,000 Nicaraguan school children during 2001.

In 2001, the U.S. Southern Command established a permanent Military Liaison Office in Nicaragua to provide technical advice and assistance to the Nicaraguan Navy in counterdrug interdiction operations.

CONCLUSIONS/PROJECTIONS

The use of Nicaragua an attractive transshipment point, as a refueling stop for maritime traffic along both the Caribbean and Pacific coasts will continue. Drug trafficking and consumption, along with the resulting social problems, became more evident throughout 2001, as crack cocaine abuse grew in major cities, and along Nicaragua's Miskito Coast, in particular. The increase of Nicaragua's internal drug abuse problem paralleled the increased use of drugs in the rest of Central America, most notably crack cocaine. This may be in part due to the payment-in-kind system used by drug traffickers throughout the region.

Drug enforcement in Nicaragua faces several challenges. Although the Nicaraguan government has attempted to correct issues such as low police salaries, inadequate law enforcement training, and an antiquated judicial system, it remains to be seen whether these efforts will resolve the problems. The Nicaraguan National Police remain highly motivated and hardworking, but Nicaragua's internal political problems and international conflicts will continue to distract law enforcement efforts against drug trafficking groups.

This report was prepared by the Mexico/Central America Unit of the Office of International Enforcement Support. Comments and requests for copies are welcome and may be faxed to the Intelligence Production Unit, Intelligence Division, DEA Headquarters, at (202) 307-8726.